



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0429	Title:	Annual fees for opencut mining operations
Primary Sponsor:	Pomnichowski, JP	Status:	As Introduced-Revised

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$85,682	\$93,711	\$96,056	\$101,398
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$103,650	\$103,650	\$103,650	\$103,650
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact:

Permit fees totaling an estimated \$103,650 initially would be collected annually from private-sector opencut mining permittees, which would be used to fund the addition of 1.50 FTE to the opencut mining program. The level of fees assessed to any one operator would be based on the number of permits held by the operator and the sizes of those permits.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality

1. HB 429 provides the Department of Environmental Quality (DEQ) the authority to impose annual fees on private-sector opencut mining permittees to provide additional resources to the opencut mining program.
2. The annual fee proposal would provide DEQ with additional funding to hire an additional 1.50 FTE for the program: one full-time environmental science specialist and a half-time administrative assistant. The half-time position would be needed to create and manage a fee billing system, review files, determine acreage, and prepare invoices. This position would need to be hired on July 1, 2009. The environmental science specialist would need to be hired on October 1, 2009.
3. Personal services (salaries and benefits) costs would be: \$48,223 in FY 2010, \$59,666 in FY 2011, \$61,157 in FY 2012, and \$62,686 in FY 2013. Operating expenses would be \$37,459 in FY 2010, \$34,045 in FY

2011, \$34,899 in FY 2012, and \$38,712 in FY 2013, which would include supplies, travel, communications, education/training, vehicle lease, agency indirect costs, and other miscellaneous operating costs. The operating costs for the first year are higher for office set up purposes. Personal Services are inflated at 2.5% per year starting in FY 2012.

4. Initially, the amount of revenue generated by the annual fee system is estimated to be \$103,650 per year, based upon the following schedule and calculations. Currently, there are 870 private-sector opencut operations under permit. Assuming that the program will have a similar number of permits in the next two biennia, that these permits will be distributed according to the following acreage categories, and that a fee schedule as shown is imposed, fees collected per year would be:

Size	No. of Permits	Cost per Permit	Total
Up to 25 acres	676	\$75	\$50,700
25.01 – 50 acres	111	\$150	\$16,650
50.01 – 100 acres	45	\$300	\$13,500
Over 100 acres	38	\$600	\$22,800
Total			\$103,650

5. Counties with opencut operations would not be required to pay these fees since the bill does not amend the existing law, 82-4-405, MCA, that exempts governmental entities from the fees and bonds associated with this part.
6. The revenue billing cycle would be based on permits on July 1 of each year.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.25	1.50	1.50	1.50
<u>Expenditures:</u>				
Personal Services	\$48,223	\$59,666	\$61,157	\$62,686
Operating Expenses	\$37,459	\$34,045	\$34,899	\$38,712
TOTAL Expenditures	\$85,682	\$93,711	\$96,056	\$101,398
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$85,682	\$93,711	\$96,056	\$101,398
TOTAL Funding of Exp.	\$85,682	\$93,711	\$96,056	\$101,398
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$103,650	\$103,650	\$103,650	\$103,650
TOTAL Revenues	\$103,650	\$103,650	\$103,650	\$103,650
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$17,968	\$9,939	\$7,594	\$2,252

Sponsor's Initials

Date

Budget Director's Initials

Date



Dedication of Revenue 2011 Biennium

HB 429

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Yes. The citizens of Montana would benefit by timely reviews of permit applications and the assurance that permits issued would comply with applicable regulatory statutes and rules and a greater degree of environmental protection will be offered.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

Creating a fee system to provide additional support to the needs of the program targets the primary users of the program service (the opencut mining industry), instead of attempting to acquire more funding from the general fund which is subject to many competing needs.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

No. The source of new revenue would be relevant to supporting the addition of 1.50 FTE to the program. Existing staff in the opencut mining program will continue to be supported by current level funding.

- d) **Does the need for this state special revenue provision still exist? X Yes ___No (Explain)**

The opencut mining program has a need for new staff to make the program more effective and timely in meeting its responsibilities under the law.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No, it does not change the legislature's ability so scrutinize budgets. This state special revenue fund and associated expenditures will be presented in HB 2 in future biennia.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Yes. This revenue would be used to make the program effective and timely in meeting its responsibilities.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

The Department of Environmental Quality and the Permitting and Compliance Division currently maintain a number of fee programs. If the program/activity were general-funded, DEQ could adequately account for the activity.